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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/505,298	07/18/2005	Victor Viner	9109-004US	5159
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CLIFFORD CHANCE US LLP			TRAN, THUAN Q	
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

**Office Action Summary**

Application No.

10/505,298

Applicant(s)

VINER, VICTOR

Examiner

Thuan Tran

Art. Unit

3693

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 18 July 2005.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-17 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-17 is/are rejected.
- 7) ☒ Claim(s) 3 is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 20 August 2004 is/are: a) ☐ accepted or b) ☒ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/SB/08)  
Paper No(s)/Mail Date \_\_\_\_\_
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: \_\_\_\_\_

## **DETAILED ACTION**

### **Status of Claims**

1. This action is in reply to the US application filed on 7-18-2005.
2. Claim 3 is objected to.
3. Claims 1-17 are currently pending and have been examined.

### **Priority**

4. Applicant's claim for the benefit of a prior-filed application under 35 U.S.C. 119(e) or under 35 U.S.C. 120, 121, or 365(c) is acknowledged.

### ***Claim Objections***

5. Claim 3 is objected to because of the following informalities: The use of the word "automate" is not proper grammar. The examiner assumes for the purpose of this examination that the applicant meant to use the word "automatic." Appropriate correction is required.

### **Drawings**

6. The drawings are objected to because:
  - *Identification of drawings.* Identifying indicia should be provided, and if provided, should include the title of the invention, inventor's name, and application number, or docket number (if any) if an application number has not been assigned to the

application. If this information is provided, it must be placed on the front of each sheet within the top margin. 37 CFR 1.84(c)

- Color photographs and color drawings are not accepted unless a petition filed under 37 CFR 1.84(a)(2) is granted. Any such petition must be accompanied by the appropriate fee set forth in 37 CFR 1.17(h), three sets of color drawings or color photographs, as appropriate, and, unless already present, an amendment to include the following language as the first paragraph of the brief description of the drawings section of the specification:

The patent or application file contains at least one drawing executed in color. Copies of this patent or patent application publication with color drawing(s) will be provided by the Office upon request and payment of the necessary fee.

Color photographs will be accepted if the conditions for accepting color drawings and black and white photographs have been satisfied. See 37 CFR 1.84(b)(2).

### ***Claim Rejections - 35 USC § 103***

7. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

8. **Claims 1-17** as interpreted by the Examiner in the above claim objection are rejected under 35 U.S.C. 103(a) as being unpatentable over Wallman, US Patent 6,161,098, in view of Lange, US Patent 6,321,212.

**9. As per claims 1 and 15:**

Wallman teaches:

A computer-implemented method for managing an investment portfolio, the method comprising: at an application server remotely accessible by a web browser (see at least column 13 line 24-27), storing investor portfolio data at the server, the portfolio data comprising data identifying assets owned by an investor and tax status information associated with the investor (see at least column 3 line 13-17); computing a hedging strategy based on a portfolio analysis comprising an analysis of at least a first one of the assets identified by the investor portfolio data (see at least column 3 line 36-38), wherein: computing said hedging strategy comprises determining at least a first hedging transaction (see at least column 3 line 38-43), and the portfolio analysis further comprises a tax impact analysis to determine gain and loss and tax impact data associated with the first hedging transaction, said determined gain, loss and tax impact data being determined based on the investor's particular tax status information (see at least column 3 line 38-43); and presenting hedging strategy and tax impact information particularized to the investor (see at least column 3 line 45-47).

He does not specifically disclose the details of how the hedging strategy is determined. However, Lange teaches the details of computing the hedging strategy in at least column 10 line 43-57. It would have been obvious to one of ordinary skill in the art at the time of the transaction to combine Wallman and Lange to produce a method to manage a portfolio with details on how the hedging strategy is determined and selected

with motivation to better handle risk in managing a portfolio using an automated trading process.

**10. As per claim 2:**

Lange further teaches wherein said first hedging strategy is determined based on risk preferences associated with the investor (see at least column 10 line 46-50.

Lange's defined states and termination criteria are chosen based on the risk preferences associated with the investor).

**11. As per claim 3:**

Lange further teaches wherein risk preferences comprises data enabling automatic selection from among a plurality of hedging strategies having different risk profiles, said strategies comprising protective and yield enhancing strategies (see at least column 10 line 43-45).

**12. As per claim 4:**

Lange further teaches wherein said first hedging strategy is further determined based on market data associated with the assets identified in the investor portfolio data, the market data comprising pricing and volatility data (see at least column 11 line 24-33).

**13. As per claim 5:**

Lange further teaches wherein the market data comprises current and historical data (see at least column 11 line 24-33).

**14. As per claims 6 and 16:**

Wallman further teaches wherein: said portfolio analysis comprises, for each of a plurality of price probabilities associated with an asset (see at least column 3 line 1-5), computing a position value (see at least column 2 line 35-38), a realized gain/loss (see at least column 4 line 21-27), an unrealized gain/loss (see at least column 5 line 29-31), current taxes (see at least column 3 line 42-47), future taxes (see at least column 5 line 6-12), net position value (see at least column 3 line 1-5, this is easily calculated knowing original user data and shares to sell for settlement), shares to sell for settlement (see at least column 3 line 1-5), net shares (see at least column 3 line 1-5, this is easily calculated knowing original user data and shares to sell for settlement), and an unused realized loss (see at least column 5 line 29-31).

**15. As per claim 7:**

Wallman in view of Lange teaches the method of claim 6. He does not specifically teach rules that the portfolio must comply with. However, the examiner takes **Official Notice** that it is old and well known in the finance arts that said portfolio analysis further comprises applying a tax straddle rule and constructive sales rules compliant with the Taxpayer Relief Act of 1997. It would have been obvious to one of ordinary skill in the art at the time of the invention to manage a portfolio in compliance

with the Taxpayer Relief Act of 1997 with motivation to work within the confines of the law and thus avoiding costly fines.

**16. As per claim 8:**

Wallman in view of Lange teaches the method of claim 1. Wallman further teaches tax impact analysis comprises determining a tax rate applicable to the first hedging transaction, see at least column 3 line 38-43. In determining the potential tax consequences, the correct tax rate must also be determined for the hedging transaction. He does not specifically teach the details of the tax status information. However, the examiner takes **Official Notice** that it is old and well known in the finance arts wherein tax status information further comprises total income information. It would have been obvious to one of ordinary skill in the art at the time of the invention to manage a portfolio by using total income information to determine tax status information with motivation to use a simple and accurate method of determining tax status, thus, saving time and money.

**17. As per claim 9:**

Lange further teaches wherein computing the first hedging strategy comprises strategies based on a user-specified timeframe (see at least column 17 line 48-62), and user specified upside and downside probabilities that an asset price will be a predetermined price at a predetermined time (see at least column 17 line 1-12 and column 20 line 25-27).



**18. As per claim 10:**

Lange further teaches wherein said portfolio analysis comprises predicting asset price movement using a Monte Carlo simulation (see at least column 11 line 31-32).

**19. As per claim 11:**

Wallman further teaches wherein presenting the hedging strategy and tax impact information comprising presenting a result of the analysis using a graph (see at least column 3 line 1-5), the graph comprising: a long stock position showing return of an investment in an asset versus price of the asset (price of the asset is the current price, see at least column 5 line 29-42); a option (see at least column 15 line 15-17) strategy overlay, the option strategy overlay comprising a gain area plotted using a first display characteristic and a loss area plotted using a second display characteristic (see at least column 5 line 3-6, having loss and gain on separate axis is two different display characteristics); and an out performance range comprising an option (see at least column 15 line 15-17) strategy out performance range and a long stock out performance range(see at least column 4 line 67 to column 5 line 3);

**20. As per claim 12:**

Wallman further teaches wherein: the analysis further comprises analysis of a second one of the assets (see at least column 3 line 36-38); and displaying the hedging

strategy comprises presenting a comparative display of the analysis of assets (see at least column 13 line 54-66).

**21. As per claim 13:**

Lange further teaches further comprising computing a probability analysis modeling whether asset values will be above a first predefined level or below a second predefined level at a future time (see at least column 11 line 53-56, the defined states are the first and second predefined levels).

**22. As per claim 14:**

Lange further teaches further comprising determining a recommended asset sale/purchase strategy (see at least column 10 line 43-45) based on a risk preference associated with the investor (see at least column 10 line 46-50, Lange's defined states and termination criteria are chosen based on the risk preferences associated with the investor).

**23. As per claim 17:**

This is the system claim including the necessary means and processors for implementing the method claims 1-16. Therefore, claim 17 is rejected based on the rationale provided under claims 1-16. Wallman teaches that this method is performed on a computer; see at least column 13 line 19-34.

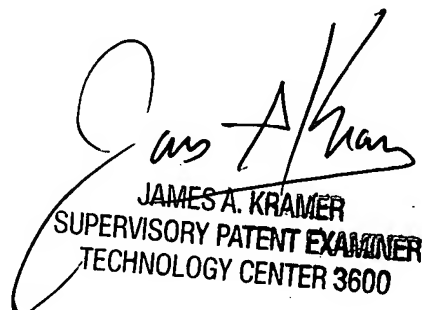
### **Conclusion**

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Thuan Tran whose telephone number is 571-270-1832. The examiner can normally be reached on Monday-Friday 8:30-5:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer can be reached on 571-272-6783. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

Thuan Tran  
Patent Examiner  
1-3-2007

 12/3/08  
JAMES A. KRAMER  
SUPERVISORY PATENT EXAMINER  
TECHNOLOGY CENTER 3600